

Message Text

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PAGE 01 STATE 014956

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DRAFTED BY:XMB:AMOHANIAN

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APPROVED BY:EB/OCA/REP:LHPOMEROY

XMB:WARREN W. GLICK, ACTING EXEC. VICE PRESIDENT

ARA/LA:DKEMP (SUBS) EB/IFD/ODF:EMLINTON

SPECIAL CHARGE: XMB

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

INFO AMCONSUL RIO DE JANEIRO

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E.O. 11652: N/A

TAGS: APUB, BR

SUBJECT: PRESS RELEASE ON EXIMBANK LOAN TO BRAZIL

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
DIRECT LOAN OF \$2,174,000 TO CONFAB INDUSTRIAL S.A. (CONFAB).
RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C.
FOR A.M. PAPERS, TUESDAY, FEBRUARY 5, 1974.

QUOTE: EXIMBANK SUPPORTS \$4.8 MILLION SALE OF U.S.
EQUIPMENT FOR PIPE PLANT EXPANSION IN BRAZIL

TO HELP FINANCE A \$4,831,000 SALE OF U.S. GOODS AND SERVICES
REQUIRED FOR THE EXPANSION OF A STEEL PIPE MANUFACTURING PLANT
IN BRAZIL, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF
THE UNITED STATES HAS AUTHORIZED A DIRECT LOAN OF \$2,174,000
TO FINANCE 45 PERCENT OF THE U.S. COSTS AND A FINANCIAL GUARANTEE
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PAGE 02 STATE 014956

OF A LOAN OF \$2,174,000 FROM BANK OF AMERICA, SAN FRANCISCO,

CALIFORNIA, TO FINANCE ANOTHER 45 PERCENT OF THE U.S. COSTS ACCORDING TO EXIMBANK'S VICE CHAIRMAN, WALTER C. SAUER. THE BORROWER, CONFAB INDUSTRIAL S.A. (CONFAB), WILL MAKE CASH PAYMENT OF THE BALANCE OF 10 PERCENT OR \$483,000.

CONFAB WAS INCORPORATED IN THE STATE OF SAO PAULO IN 1942 TO PRODUCE INDUSTRIAL MACHINERY AND EQUIPMENT. IT IS NOW A WELL ESTABLISHED MANUFACTURER OF TUBES, STORAGE TANKS AND TOWERS FOR THE PETROCHEMICAL INDUSTRIES, EVAPORATOR SYSTEMS, HEAT EXCHANGERS AND OTHER MISCELLANEOUS ITEMS FOR THE IRON AND STEEL INDUSTRY. ITS PRESENT FACILITIES ARE LOCATED IN SAO CAETANO DO SUL; HOWEVER, DUE TO LIMITED LAND AVAILABILITY IN THAT AREA, THE PIPE PLANT IS BEING RELOCATED IN PINDAMONHANGABA.

THE CURRENT EXPANSION PROGRAM WHICH WILL NEARLY DOUBLE THE PLANT'S PRODUCTION BY 1976, IS EXPECTED TO HAVE AN ESTIMATED COST OF \$50.6 MILLION. U.S. SUPPLIERS OF THE EQUIPMENT ARE KAISER STEEL CORPORATION, OAKLAND, CALIFORNIA, AND TORRANCE MACHINERY AND ENGINEERING INTERNATIONAL (TME), TORRANCE, CALIFORNIA.

THE LOANS ARE TO BE REPAID IN 12 SEMIANNUAL INSTALLMENTS BEGINNING FEBRUARY 10, 1975, WITH EXIMBANK'S DIRECT LOAN OF \$2,174,000 TO BE REPAID OUT OF THE LAST 6 INSTALLMENTS WITH INTEREST AT AN ANNUAL RATE OF 6 PERCENT ON OUTSTANDING BALANCES. REPAYMENT OF ALL LOANS IS TO BE GUARANTEED BY BANCO NACIONAL DE DESENVOLVIMENTO ECONOMICO (BNDE). UNQUOTE. KISSINGER

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